

MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE

Santa Fe, New Mexico

May 7, 2003

A regular meeting of the City of Santa Fe Public Utilities Committee was called to order on this date at approximately 5:15 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

Members Present:

Councilor Patti J. Bushee
Councilor David Coss
Councilor Carol Robertson Lopez
Councilor Matthew E. Ortiz, Chair
Councilor Rebecca Wurzbarger

Members Absent:

None.

Other Governing Body Members Present:

Councilor Karen Heldmeyer
Councilor David Pfeffer

Staff Present:

Mr. Galen Buller, Water Division
Mr. Rick Carpenter, Water Division
Mr. Dennis Gee, Public Utilities
Mr. Kyle Harwood, City Attorney's Office
Mr. Robert Jorgensen, Water Division
Mr. Costy Kassisieh, Wastewater Division
Ms. Maya Martinez, Water Division
Ms. Luana Montoya, Public Utilities
Mr. Bryan Romero, Wastewater Division
Mr. Dave Schmiedicke, Utilities Billing Division
Mr. Antonio Trujillo, Water Division

APPROVAL OF AGENDA

Mr. Schmiedicke distributed a memorandum from him and Mr. Buller giving the City's response to City Council Resolution No. 2002-38.

In the course of discussion on adding this item to the Agenda, Councilor Bushee expressed concern that this issue was to be addressed in Executive Session at next week's Council meeting because of legal ramifications.

The Committee agreed to not hear this item pending further clarification.

Councilor Coss suggested that meeting with the County was necessary before taking action on item H (Consideration of a Resolution No. 2003-, a joint City/County Resolution Urging Development of a Water Budget for the Santa Fe Regional Area by the Regional Planning Authority). Councilor Wurzburger agreed.

Councilor Coss moved removal of Item H (Consideration of a Resolution No. 2003-, a joint City/County Resolution Urging Development of a Water Budget for the Santa Fe Regional Area by the Regional Planning Authority).

Councilor Wurzburger seconded the motion and it passed 4-0 by voice vote, with Councilor Bushee, Councilor Coss, Chair Ortiz and Councilor Wurzburger voting for, and none against. [Councilor Lopez was not present for this action.]

Councilor Coss moved the Agenda be approved as amended. Councilor Wurzburger seconded the motion and it passed 4-0 by voice vote, with Councilor Bushee, Councilor Coss, Chair Ortiz and Councilor Wurzburger voting for, and none against. [Councilor Lopez was not present for this action.]

APPROVAL OF MINUTES: April 2, 2003

Councilor Wurzburger moved approval of the April 2, 2003 minutes, as submitted. Councilor Coss seconded the motion, which passed 4-0 by voice vote, with Councilor Bushee, Councilor Coss, Chair Ortiz and Councilor Wurzburger voting for, and none against. [Councilor Lopez was not present for this action.]

INFORMATIONAL ITEMS

Update Current Water Supply Status and Outlook for 2003. (Gary Martinez, Source of Supply Manager, Water Division).

Mr. Martinez reviewed the weekly water report for the week ending May 4, 2003.

Mr. Martinez noted combined well production (City and Buckman well field) averaged 10.33 mgd. He added that the weekly demand average was 10.14 mgd and the Las Campanas average was 1.27 mgd, with the majority of that going to the Las Campanas golf courses. Mr. Martinez reported that reservoir levels are increasing slightly on a daily basis and are currently at 58%. He summarized the weekly data comparisons vs. two previous years (second page of his weekly water report), stating that City well production has increased each year over the past two years and the Buckman well service production has increased over the past three years. He commented that Las Campanas average has remained consistent the last three years.

Mr. Martinez noted that May 6, 2003 was the first day of Stage 2 watering restrictions. He commented that 44 inches of snow still remains with a melt-off of approximately one inch per day.

Santa Fe 115 kV Loop Presentation (Emilie Dohleman, Systems Engineering/PNM)

PNM project manager Ms. Moye gave an overview of the presentation and stated that the central Santa Fe area is serviced by an aging 46 kV system that has reached capacity and the end of its useful life. She added the average age for most of the distribution substation transformers is over 40 years. Ms. Moye stated Santa Fe growth demands requires PNM to build a 115 kV loop system into central Santa Fe in order to provide reliable service. She commented that this includes building and/or upgrading substations.

Ms. Moye introduced Ms. Dohleman, the presenter of the power point presentation as contained in Item 5B of the packet.

Ms. Dohleman reviewed the map of existing facilities and gave a synopsis of the condition of the 46 kV lines that were built in the 1940's and are poor in lightning performance. She presented the proposed path of the 115 kV loop as originating at Zia/Rodeo, continuing up to Zafarano, over to the existing Miguel Lujan Station, up to the power plant area and then back to Pacheco to complete the project (map p.3 of presentation). She commented that Phase One, the first portion of the loop is called the Miguel Lujan Tap and extends from a 115 kV line

between Rufina and Agua Fria east to Miguel Lujan Station on Industrial Road. Ms. Dohleman added that the construction will be a double-circuit single pole design transmission line along the existing right-of-way and a fiber optic line will be installed as well.

Ms. Dohleman stated that PNM's goal is to work with the Santa Fe Planning and Utility Departments in obtaining approval for the project in order to begin construction by February 2004.

In response to a question by Councilor Coss regarding the Zia line being in the proximity of the BLM property, Ms. Dohleman stated that they are currently going through the BLM environmental assessment process and have contingency plans if they are not approved.

Councilor Coss questioned if PNM had communicated with the County and Ms. Dohleman responded that they had spoken with County Planning who indicated they were comfortable with giving PNM a rebuild of an existing line.

Ms. Dohleman, in response to a question by Chair Ortiz, stated that PNM would be meeting with homeowner groups to apprise them of the plan.

Councilor Bushee queried if underground routing would be cost prohibitive. Ms. Dohleman responded that it is technically possible but the cost in an urban area is approximately three to seven times higher than an overhead transmission line. She added that there are two ways an individual or governmental agency can go underground: 1) the individual or agency could pay the difference or 2) PNM would collect the difference by increasing rates for the user in that jurisdiction.

Councilor Heldmeyer requested a larger map from PNM in order to better view the detail. She commented that the PRC is still reviewing who should pay the tariffs. Ms. Moyer stated the PRC did approve the underground tariff but it is being appealed to the NM Supreme Court. She added that all arguments have been heard and PNM is awaiting the outcome of the appeal.

Water Budget Rate Revenue Analysis – Update and Additional Information (Kathryn L. Raveling, Finance Director).

Ms. Raveling introduced the consulting firm of IUG (Integrated Utilities Group, Inc.) based in Denver who presented WATER RATE RESTRUCTURING: A PROCESS FOR SANTA FE [Submitted herewith as Exhibit "A."]. She then introduced Dr. Corssmitt and Mr. Mumm of IUG.

Dr. Corssmitt stated that the focus of the presentation revolves around two questions: 1) how do you do water rate structures; and 2) when do you conduct

them. He then reviewed a segment of the material and introduced Mr. Mumm who brought the presentation to its conclusion.

Councilor Bushee asked if rates outside the city are usually higher to take into account the new growth. Dr. Corssmitt stated the utilities are entitled to earn a reasonable return on their investment, which serves those outside the city. He added that there is a marketing approach to provide a benchmark for these charges and it is generally between 25% and 50% more for the same level of service outside as within the city. Dr. Corssmitt remarked that wastewater charges are structured differently because there are federal regulations pertaining to this commodity. He stated that legal defensibility needs to be in order because the surcharge, which appears to be high, will cause exposure to challenge. If these charges are shown to be 'unreasonable and discriminatory', he added, one should not be imposing such a high rate.

Mr. Mumm, who reviewed the Finance Plan, Cost of Service Analysis, and Rate Design parts of the presentation, stated that his role has been that of project manager in working with the City's Water and Wastewater Divisions.

In response to a question by Councilor Coss, Ms. Raveling stated the Finance Plan was funded and they are working on the master plan with Mr. Buller and his department. She added that IUG would be a sole source contractor.

Councilor Wurzbarger queried if any action should be taken now, during the City's budgeting process, to guarantee that this product would be available by December. Ms. Raveling responded that there would be money accessible in the water budget.

Mr. Buller, in response to a question from Councilor Bushee regarding individual water budgeting, stated that it would be the end of the year before this could be viewed as an alternative. Mr. Mumm added the Irvine Ranch model should be studied, as it addresses this alternative.

Councilor Bushee commented that some sort of 'reward system' should be built into the rate structure in order to recognize those who do an outstanding job of water conservation.

Councilor Lopez noted this process is one she is proud of and asked Mr. Gee for his view. Mr. Gee stated that this is the 'exact' process that any City needs to utilize in order to determine appropriate rates. He added that it will yield accurate information and the most important factor in meeting the scheduled work deadline would be in gathering data relevant to additional classes, e.g. municipal and multi-family units.

Mr. Gee, in response to a question by Councilor Lopez, stated that newer and more sophisticated meters would be implemented providing more specific use information to the customer.

Chair Ortiz questioned if the software presently being used was adequate for retrieving relevant data. Ms. Raveling responded that the present data on commercial and residential was good but if other rate classes are required, a challenge would be presented. She added that staff and IUG would be able to meet the proposed deadline of December 31, 2003.

Councilor Heldmeyer suggested that as new customers sign on, it would be beneficial to collect data that would pertain to additional classes of water use.

Councilor Pfeffer commented that it would be helpful to insert 'individual' water budget based rates in addition to 'community' water budget to insure proper differentiation. He underlined the question of staff being able to meet the scheduled deadline, and pointed out that the information-gathering process was targeted for October with implementation complete by December 2003. He questioned if the household water consumption data was the only category requested by the City. Mr. Mumm answered affirmatively and added that it would be most appropriate for the commercial component to be addressed.

Councilor Pfeffer stated that condominium or residential customers who are on a commercial diameter line and are being billed at commercial rates should be a separate class unto themselves with an appropriate rate structure. Mr. Mumm stated that this issue would be addressed in the Cost of Service study.

In response to a question by Councilor Lopez, Dr. Corssmitt stated that a method of capturing 'new' users and 'existing' customers was in the area of 'impact fees' or 'connection charges,' whatever the terminology is locally. He stated that more work sessions would be in order with 'impact fees' being explained in full during the process.

Councilor Wurzbarger suggested that PUC address the issues of additional user classes at the next scheduled meeting. Acting Chair Lopez agreed.

(Chair Ortiz stepped out of the meeting at this juncture).

ACTION ITEMS

Acting Chair Lopez stated that Chair Ortiz had asked that Action Items be reprioritized.

**Consideration of Bill No. 2003-____. (Councilor Lopez)
An Ordinance Amending Chapters 21, 22 and 25 SFCC 1987
and Creating a New Section 15-1 SFCC 1987 Regarding Utility
Billing; Making Such Other Amendments as Necessary and
Making Miscellaneous Corrections. (David Schmiedicke, Utility
Billing Division Director)**

Mr. Schmiedicke stated that the landlord/tenant billing issue addressed by State Law mandates that any municipality should allow the property owner to transfer liability for all utilities to the tenant. He added that currently the City of Santa Fe applies that principle only to water and should therefore have it apply it to all utilities.

Councilor Bushee expressed concern that the tenant water utility billing be followed, as her constituency has voiced repeated complaints on that issue.

Mr. Schmiedicke echoed Councilor Bushee's concern and stated that his department would follow up on the issue.

Councilor Heldmeyer stated that a clarifying amendment should be included which would make it the responsibility of the landlord to notify the City when a tenant is no longer obligated for payment of the bill.

**Councilor Bushee moved approval of the Ordinance, as amended.
Councilor Lopez seconded the motion and it passed 3-0 by voice vote with
Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for,
and none against. [Chair Ortiz and Councilor Coss were not present for this
action.]**

In response to a question regarding Notice To Publish being on the City Council agenda of May 14, 2003, Ms. Price stated that it would not appear on the agenda, as the deadline for submitting May 14, 2003 agenda items is May 7, 2003.

Request Approval to Amend Development Agreement for SF Airport Business Park (Bryan Romero, Engineer Supervisor, Wastewater Division and Kyle Harwood, Asst. City Attorney).

Mr. Romero reviewed the agreement and stated that it is the Wastewater Management Division's recommendation that the City not approve this amendment due to the costs involved.

Councilor Bushee asked for clarification and Mr. Harwood responded that the recommendation was consistent as reviewed and it is the Wastewater Management Division's request that this not be approved.

Applicant Jim Siebert expressed concern regarding not accepting a new sewer line constructed to City standards at this time.

Councilor Bushee moved to deny approval of this request. Councilor Wurzburger seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

Request Approval of Water and Sewer Hookup for Santa Fe School for the Arts (Bryan Romero, Engineer Supervisor, Wastewater Division and Robert Jorgenson, Engineer, Water Division).

Mr. Dineen and Mr. Belzner introduced themselves as members of the Santa Fe School for the Arts Board.

Mr. Romero referred to page nine in the information packet, which showed the property located at 5912 Jaguar Drive, and added that this area is just outside City limits. He stated that the Technical Review Team (TRT) reviewed the applicant's request for sewer service and deemed that annexation, in accordance with Resolution 2002-22, of this property is necessary to obtain service. He added that language in Section 6 of Resolution 2002-22 will allow City water or sewer service outside the City limits as authorized by the Governing Body if the project serves the community as a whole.

After a brief question and answer period, the following action was taken:

Councilor Bushee moved approval of this request. Councilor Wurzburger seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

**Request Approval of Information Technology Strategic Plan.
(Rick Carlisle, ITT Director.)**

Acting Chair Lopez asked Mr. Carlisle if he would like to present the ITSP when everyone was present, and Mr. Carlisle responded that he would.

This item was therefore postponed.

Request for Approval of Effluent Sale Agreement for the Santa Fe Horse Park (Costy Kassisieh, Wastewater Division Director).

Councilor Bushee expressed concern that the Wastewater Reuse Advisory Task Force has not presented an organized listing of all contracts up for renewal in order to have one action by the Committee.

Mr. Kassisieh stated that the Santa Fe Horse Park is an existing contractual costumer and this is an extension of the contract for a one-year period.

Councilor Wurzburger commented that it would be beneficial to have the Wastewater Task Force Plan; but in light of the fact that it is not forthcoming at this time, the extension for the Santa Fe Horse Park should be approved.

Councilor Wurzburger moved approval of the contract. Councilor Bushee seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

Request for Approval of Amendment No. 3 to the contract for legal services to allow Holland and Hart to continue representing the City in litigation matters concerning the City water utility and Las Campanas and approval of Budget Adjustment Request. (Galen Buller, Water Division Director and Maya Martinez, Adm. Mgr., Water Division).

Mr. Jorgenson reviewed the amendment including budgeted sums for specific litigation, i.e., Las Campanas and PNM.

Councilor Bushee moved for approval. Councilor Wurzburger seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

Request for Approval of Amendment No. 3 to the contract for legal services to allow Holland and Hart to continue representing the City in litigation matters concerning the city water utility and PNM (Galen Buller, Water Division Director and Maya Martinez, Adm. Mgr., Water Division).

Councilor Bushee moved for approval. Councilor Wurzburger seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

Request for Approval of Amendment No. 4 to the contract for legal services to allow Montgomery and Andrews to continue representing the City in the following contract scopes (1) legal tasks related to monitoring water rights permitting the state engineer, (2) analysis and review of development water contracts, (3) support for water rights litigation, (4) support for protest hearings for ISC water rights issues (Galen Buller, Water Division Director and Maya Martinez, Adm. Mgr., Water Division).

Ms. Martinez stated the amount of the amendment is \$10,000 and the total sum of the contract is \$310,000 through the end of the fiscal year.

Councilor Bushee suggested that a representative from Montgomery and Andrews be present at future meetings involving requests for amendment approvals of this nature. Mr. Buller concurred.

Councilor Bushee moved for approval. Councilor Wurzburger seconded the motion and it passed 3-0 by voice vote with Councilor Bushee, Councilor Lopez and Councilor Wurzburger voting for, and none against. [Chair Ortiz and Councilor Coss were not present for this action.]

Request for Approval of Bid '03/46/B for Citywide Water Utility Pavement Restoration (Antonio Trujillo, Engineer, Water Division).

Mr. Trujillo stated these pavement restorations are for repairs when a break occurs.

Councilor Wurzburger moved for approval. Councilor Bushee seconded the motion and it passed 4-0 by voice vote with Councilor Bushee, Councilor Lopez, Chair Ortiz and Councilor Wurzburger voting for, and none against. [Councilor Coss were not present for this action.]

ITEMS FROM STAFF

None.

ITEMS FROM COMMITTEE

Councilor Bushee underlined the amending of the Santa Fe Horse Park contract for one year. Mr. Kasssieh responded that it would be taken care of immediately.

AGENDA ITEMS FOR MAY 21, 2003

Chair Ortiz scheduled the next Committee meeting for May 21, 2003 at 4:00 p.m. in City Council Chambers.

ADJOURNMENT

Its business completed, the Committee adjourned at approximately 7:45 p.m.

Approved by:

Councilor Matthew Ortiz, Chair

Submitted by:

Patricia M. Clancy, Recorder

